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SUBJECT: VIETNAM: NY LIFE HOSTS SEMINAR ON WTO ACCESSION

1. Summary: On August 5 in Hanoi at a seminar on Vietnam's WTO accession hosted by New York Life (NYL), Charge expressed strong support for Vietnam's efforts to accede to the WTO while also emphasizing the heavy workload Vietnam must complete in order to meet this goal. Opening the seminar, DPM Vu Khoan expressed his support for international integration and asked the international community to support Vietnam's accession efforts. Minister of Trade Tuyen questioned the fairness of the accession process and said Vietnam could not accede "at all costs." Over the course of several sessions, Cato Adrian, the WTO Secretariat official in charge of Vietnam's accession,

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provided key guidance on what how Vietnam should manage its accession process, including its bilateral negotiations with key trading partners. End Summary.

2. On August 5-6 in Hanoi, New York Life, in conjunction with the Ministry of Trade and support from the U.S.-Vietnam Trade Council (USVTC), hosted a seminar on Vietnam's WTO accession. Speakers included the Charge, Deputy Prime Minister Vu Khoan and Minister of Trade Truong Dinh Tuyen. The seminar covered a range of topics including a review of Vietnam's accession to date; case studies of recent negotiations, strategies for Vietnam's bilateral negotiations, the Doha Development Agenda, a comparison of the U.S Vietnam Bilateral Trade Agreement (BTA) and WTO accession requirements and the status of GATS negotiations. The seminar was relatively small (about 150 people) but included participation of officials from a wide range of ministries, government think tanks and universities.

HIGH-LEVEL POLITICAL PARTICIPATION

3. In his opening remarks, DPM Vu Khoan highlighted Vietnam's commitment to international economic integration and stated that WTO accession is the next important step for Vietnam. To prepare for this, DPM Vu Khoan said, Vietnam is working to improve the competitiveness of domestic enterprises, perfect its legal framework, and reform its tax system. He also noted that Vietnam is committed to widening market access according to a "reasonable roadmap." While Vietnam does not need to meet "all necessary conditions" before joining the WTO, it does need to continue preparing for accession and accelerate the negotiations. DPM Vu Khoan noted that the GVN needs three kinds of support from the international community: 1) help in highlighting the benefits of international integration to Vietnamese enterprises 2) efforts to negotiate bilaterally with Vietnam in accordance with its level of economic development; and 3) technical assistance for the entire process of economic restructuring.

4. In his remarks, the Charge expressed strong support for Vietnam's efforts to accede by 2005, while clearly highlighting how much work the GVN has ahead of it. Charge identified the BTA as a good starting point for Vietnam's accession, but noted that the pace of reform established in the BTA is neither broad enough nor fast enough to meet Vietnam's goal of entering by 2005. Vietnam will need to commit to much greater access for both goods and services, including, at minimum, making commitments on 100 percent of its tariff lines and multilateralizing the services commitments it made in the BTA. Charge reiterated Vietnam's Working Party Chairman's statement at the 6th Working Party in May this year that Vietnam needs to make a "quantum leap" in its preparations in order to meet its own goal of accession by 2005.

5. Minister Tuyen, who spoke during the second morning session on August 5, laid aside his prepared remarks and spoke off-the-cuff. He questioned the fairness of the WTO accession process, arguing that newly acceding countries are asked to meet higher standards than current members and noting that Vietnam is ready to provide the same level of market access that other developing countries have been asked to provide. Minister Tuyen said the question of "fairness" in the WTO is his "constant torment."

Ultimately, Tuyen added, Vietnam cannot "accede to the WTO at any cost." If opening its market will be so good for Vietnam, why did it take China 15 years to accede and why is Russia still not a member, he asked rhetorically. Vietnam needs to enter the WTO because this is a critical step for advancing Vietnam's economic "renewal," but accession must be on the basis of Vietnam's own needs. Minister Tuyen asserted Vietnam would have a good offer for the next working party including: a clear legislative action plan, the applied tariff schedule, and a good offer on services. The Minister concluded by stating he hoped Vietnam would be a WTO member "soon."

WTO EXPERTS WEIGH IN

16. A number of key sessions lead by Cato Adrian, the Counselor for Accessions at the WTO, focused on the nuts and bolts of Vietnam's accession and negotiating strategy. During Mr. Adrian's sessions he provided a detailed review of the status of Vietnam's accession; identified the negotiations that are necessary for accession, separating issues into those that are "negotiable," "non-negotiable," and "optional"; looked at case studies of three recent accessions (Cambodia, Lithuania and Macedonia); and provided a broad strategy for Vietnam's bilateral accessions with key trading partners. (Note: In addition to his participation in this conference, Mr. Adrian also spent more than two full days with the GVN's WTO negotiating team going over the accession process in detail. End note.)

17. In addition to Adrian, a number of other experts also participated in the conference. Ambassador Mike Samuels (former DUSTR and U.S. Ambassador to the GATT) gave a luncheon presentation on the "Political Evolution of the WTO - from GATT to Doha." David Hartridge, Senior Director of White & Case in Geneva (and former Special Advisor to the Director General of the WTO) gave several presentations on the impact that the Doha Development Agenda and ongoing GATS and financial services negotiations could have on Vietnam's accession. Additionally, Demetrios Marantis, USVTC's Chief Legal Advisor, compared Vietnam's commitments under the BTA with WTO accession requirements.

18. Comment: Since the 6th WP in Geneva in May, the GVN has been actively promoting Vietnam's bid to accede to the WTO by 2005. There have been numerous seminars, workshops, and meetings highlighting the importance of WTO accession, as well as significant press coverage on this issue. This campaign may be an effort to develop popular support for accession outside of the core WTO negotiating team. This seminar stands out both for the level of substance and the quality of the presentations. Mr. Adrian's separate meetings with the GVN negotiating team should go a long way in helping the GVN push forward with its preparations for a seventh working party, possibly before the end of the year. We remain skeptical, however, that there has been a significant change in the GVN's belief that it will be allowed to accede in 2005 without a demonstrable commitment to meet the benchmark levels of liberalization and market access established by recent accessions.

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